



School Construction Loan Program

Purpose: This program is designed to fund construction and permanent financing in eligible North Dakota school districts. Projects may include new school construction or remodeling projects approved by the superintendent of public instruction.

- The Bank may provide up to \$250,000,000 to eligible school districts for school construction projects. The total debt provided under this program for the first year of the biennium beginning July 1, 2015, may not exceed \$125,000,000. This program expires June 30, 2017.

Eligibility: The board of a school district shall:

- Propose a new construction or renovation project with a cost of no less than \$1,000,000 and an expected utilization of at least 30 years.
- Obtain approval of the North Dakota Department of Public Instruction superintendent.
- Receive authorization for a bond issue.

Use of proceeds: Proceeds may be used to finance a new construction or remodeling project of a North Dakota school district.

Interest rate:

- The interest rate to the school districts may not exceed a 2.00% fixed rate until July 1, 2025.
- Thereafter, the rate will reset at a variable rate not to exceed the Bank's base rate or may be a fixed rate for the remaining amortization of the note.

Buydown funding: The effective interest rate on debt obligations closed between July 1, 2015, and June 30, 2017, will reflect an interest buydown not to exceed 3%. The maximum aggregate amount of the interest buydown awarded under this program may not exceed \$7,875,000 during the biennium.

Funding Amount:

- Minimum amount of the debt obligation must be no less than \$700,000.
- Maximum amount of debt obligation is \$20,000,000.
- If the school district's unobligated general fund balance on the preceding June 30 exceeds the limitations, the amount may not exceed 80 percent of the project's cost.

Fees: BND may charge an origination fee and charge the borrower for all fees associated with the project or other servicing expenses.

Loan terms

- Monthly interest payments must be paid during the construction period or at the time of conversion to permanent financing. The construction period may not exceed 24 months.
- The term of the obligation may not exceed 20 years and will call for amortized payments over the term. The school district may request a shorter term.

Collateral: BND may take all steps necessary and appropriate to preserve security.

Additional requirements:

- The school district must submit a completed application to BND which includes:
 - Estimated sources and uses for the project
 - Financial statements for the school district as well as projections to support the repayment capacity for the project
 - Any other data or documentation as deemed necessary
- BND will consider the program applications in accordance with the priority ranking completed by the superintendent of public instruction based upon a review of all applications filed during the 12-month period preceding April 1 of each year.